



## MEMORANDUM

**TO:** Mayor and Council Members

**FROM:** Rodney Gonzales, Assistant City Manager  
Lori Pampilo-Harris, Homeless Strategy Officer

**DATE:** November 14, 2019

**SUBJECT:** Update on Homelessness Initiatives – Encampment Strategy

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This memorandum provides additional information regarding the proposed partnership between the City of Austin and the Ending Community Homelessness Coalition (ECHO) on the Encampment Strategy and the related proposal for purchasing the Rodeway Inn motel.

### **Encampment Strategy – Partnership Proposal Overview**

ECHO has worked closely with the City and service provider partners to identify gaps in Austin’s homeless response system, including strategies that are related to encampments and in creating a permanent supportive housing pipeline. ECHO has proposed the purchase of currently operating motels to convert to low-barrier housing units that would help to address unsafe camping using a trauma informed, harm reduction approach. The motel locations would provide a place for people experiencing homelessness to access the necessary support and medical services to begin their path out of homelessness.

ECHO’s proposal is a partnership whereby the City of Austin acquires currently operational and fully-furnished motels. Currently operational motels would be immediately available to serve individuals or couples experiencing homelessness in Austin. In turn, ECHO commits to securing private investments through a fundraising campaign in order to pay for the operational costs, which would include maintenance, repair, facility management, on-site supportive services and utilization of the units that are aligned with the City’s focus on the encampments and permanent supportive housing.

### **Encampment Strategy – Rodeway Inn Motel**

The Office of Real Estate Services (ORES) has identified a motel at 2711 South Interstate 35 as a property that would be able to provide shelter and support services to individuals experiencing homelessness. The property is an ideal location given the proximity to areas where individuals who are experiencing homelessness live, accessible by public transportation, close to major arterials, and within reasonable distance of health care facilities. The estimated purchase price, including closing costs and other related fees, is \$6,400,000. ORES has posted an item for consideration on the November 14<sup>th</sup> City Council agenda. The specific request is authorization to negotiate and execute a purchase and sale agreement to acquire the property. The source for funding the property purchase is certificates of obligation. ORES would utilize a 90-day review period in order to conduct an appraisal and inspection of the property.

### **Encampment Strategy – Lease or Service Agreement with ECHO**

As part of the partnership, the City would enter into either a below-market lease or service agreement with ECHO to secure their commitment to paying for managing the converted housing units. ECHO would develop requests for proposals to seek community service providers who would provide on-site services. ECHO would also develop a financially self-sustaining model to convert each motel property into permanent supportive housing over a two-year period. The agreement would be developed during the 90-day review period and proposed to City Council for consideration. ECHO would also hire the necessary staff that are needed to manage each motel property and subsequent contracts with community service providers.

### **Encampment Strategy – Examples of Motel Conversions to Housing Units**

Attached are several examples of communities which have converted operational motels into housing units.

### **Encampment Strategy – Low-Barrier Housing as a Best Practice**

In June 2019, the United States Interagency Council on Homelessness and the Council of State Governments Justice Center published the Strengthening Partnerships Between Law Enforcement and Homelessness Services System brief ([click link here](#)). The five strategies described in the brief are based on efforts to implement Housing First approaches to reducing homelessness. The strategies address communities' needs for more comprehensive approaches and include a key component of Housing First approaches: ensuring that people experiencing homelessness (including those who have serious mental illnesses, substance use disorders, and/or criminal justice system involvement) are quickly connected to housing with few, if any, preconditions to entry. Included in the brief is a description of a Philadelphia model to respond to encampments. A subsequent evaluation of Philadelphia's Kensington Encampment Resolution Pilot ([click link here](#)) provides more information on the utilization of low-barrier housing.

In conclusion, City staff continue to emphasize homelessness as the City's highest priority. Should you have further questions, please contact Lori Pampilo-Harris at 512-974-2640.

CC: Spencer Cronk, City Manager  
CMO Executive Team  
City Department Directors and Assistant Directors  
Matt Mollica, Executive Director, Ending Community Homelessness Coalition

Attachment A: Examples of Motel Conversions to Housing Units

# ATTACHMENT A

Examples of Motel Conversions to Housing Units



## Santa Ana – The Orchard

- 72 PSH housing units
- \$18M
- Includes laundry room, community garden, commercial kitchen and dining room
- Funding came from City of Santa Ana (rental assistance and capital for rehab), Community Development Partners (B-Corp), and various nonprofits



## Denver – Quality Inn

- 139 micro-affordable housing units
- \$11.1M for acquisition
- Purchased by the Colorado Coalition for the Homeless



## Denver – Family Motel

- Purchased by Volunteers of America Colorado (with state and city assistance), the Family Motel opened with 40 rooms designated as shelter beds, serving an estimated 620 people a week (website indicates they've served 3,444 people in 2017 alone)
- The motel also reserves 30 rooms for families with vouchers and 10 "respite rooms" with two men or women in each room.
- Estimated costs of acquisition is \$10.4M



## Denver – Joshua Station

- Purchased by Mile High Ministries and operational in 2001, Joshua House provides transitional housing to up to 30 families (must include a child under 18)
- Requires tenants to participate in programming and to pay a non-market rate rent (no more than 30% of family's income)
- Also sets aside units for resident volunteers and includes a legal aid clinic



## Albuquerque – Sundowner

- 71 mixed use, mixed income housing with deeply affordable non-market rate rents aimed at individuals with disabilities, formerly homeless and low and middle income residents
- Motel acquisition of \$9.2M by the City of Albuquerque (contributes \$2.3M in Workforce Housing Trust Funds), New Mexico Mortgage Finance Authority (\$5.4M in LIHTC), and New Life Homes



## San Diego – Zephyr

- Formerly a motel, the Zephyr offers 85 studio apartments for homeless Veterans at 30-40% AMI
- Operated by Affirmed Housing, they also have another building in San Diego and in LA, and include connections to their city's coordinated entry system
- Total development cost estimated at \$27.2M



## Anaheim – Rockwood Apartments

- With a total development cost of \$32.2M, this former motel includes programming, onsite resident services coordinator, after school programs, and ongoing health and wellness programs
- Provides 48 units for formerly homeless children and their families, 15 PSH units and 6 affordable apartments for large families

Other cities exploring motel conversions for workforce or deeply affordable housing:

Lake Tahoe  
Orlando  
Salt Lake City

Additional motel conversion  
strategies

LA ordinance approved in 2018 established regulations to facilitate the use of existing hotels and motels for Supportive Housing or Transitional Housing for persons experiencing homelessness or those at risk of homelessness.

[https://planning.lacity.org/ordinances/docs/InterimMotelConversion/Adopted/17-1432\\_ORD\\_185489\\_04-20-2018.pdf](https://planning.lacity.org/ordinances/docs/InterimMotelConversion/Adopted/17-1432_ORD_185489_04-20-2018.pdf)



Santa Ana – The Orchard	72 PSH housing units	\$18M	<ul style="list-style-type: none"> <li>Includes laundry room, community garden, commercial kitchen and dining room</li> <li>Funding came from City of Santa Ana (rental assistance and capital for rehab), Community Development Partners (B-Corp), and various nonprofits</li> </ul>
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Denver – Quality Inn	139 micro-affordable housing units	\$11.1M	<ul style="list-style-type: none"> <li>Purchased by the Colorado Coalition for the Homeless</li> </ul>
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Denver – Family Motel	40 rooms as shelter beds 30 rooms for families 10 respite rooms	10.4M	<ul style="list-style-type: none"> <li>Purchased by Volunteers of America Colorado (with state and city assistance)</li> <li>2017 estimates indicate serving an estimated 620 people a week (3,444 people throughout all of 2017)</li> </ul>
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Denver – Joshua Station	30 family units (must have child under 18)	NA	<ul style="list-style-type: none"> <li>Purchased by Mile High Ministries and used for transitional housing (2 year max stay)</li> <li>Requires tenants to participate in programming and to pay a non-market rate rent (no more than 30% of family's income)</li> <li>Includes onsite legal aid clinic</li> </ul>
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Albuquerque – Sundowner	71 units	\$9.2M	<ul style="list-style-type: none"> <li>Acquired by City of Albuquerque (contributes \$2.3M in Workforce Housing Trust Funds), New Mexico Mortgage Finance Authority and New Life Homes</li> </ul>
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San Diego – Zephyr	85 studio apartments	\$27.2M	<ul style="list-style-type: none"> <li>Apartments for homeless (and formerly) Veterans, priced at 30-40% AMI</li> <li>Cost includes entire development costs (not just acquisition)</li> <li>Vouchers attached to units so they remain available once the resident moves out</li> </ul>
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Anaheim – Rockwood Apartments	48 units for formerly homeless families (with children) 15 PSH units 6 apts. for large families	\$32.2M	<ul style="list-style-type: none"> <li>Price includes acquisition and operations/development costs</li> <li>Includes programming, onsite resident services coordinator, after school programs, and ongoing health and wellness programs</li> </ul>
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